

United States Department of Agriculture Rural Development

Section 9007 Rural Energy for America Program (REAP)

Combo (Grant & G-Loan) Application Template When G-Loan Exceeds \$600,000

The **combination grant and guaranteed loan application template** (when the guaranteed loan **exceeds \$600,000**) - on the following pages – provides a framework of divider pages to organize the combo application for submission to USDA-Rural Development. Please tab the divider pages as indicated.

Other tools are available on the Iowa Rural Development Business and Cooperative Program website at: www.rurdev.usda.gov/ia/rbs.html - click on the red box - energy program – and click on the information pertinent to the type of project you are proposing.

Separate applications must be submitted for renewable energy system and energy efficiency improvement projects. Applicants may only submit **one** application **for each type** of project per fiscal year.

An original and 1 copy of the application must be submitted to the Area Office where the project will be located. To find the Area Office where your project will be located, please see the map at http://www.rurdev.usda.gov/ia/rbcs_BCMaP_of_Iowa_RD.pdf.

If you have difficulty accessing the information, two copies of the application can be submitted to:

Iowa Rural Development State Office,
Attn: Business-Cooperative Programs
873 Federal Building
210 Walnut
Des Moines, Iowa 50309
Phone: 515-284-4714

A project with total eligible project costs of more than \$200,000 can involve commercial or pre-commercial technology.

This template is designed for training and education and does not replace the 4280-B regulation.

USDA-Rural Development

Section 9007

Rural Energy for America Program (REAP)

Combo Application When G-Loan Exceeds \$600,000

Title of Project: _____

Submitted by

Applicant Name: _____

Address: _____

City: _____

County: _____

State: _____

Zip code: _____

Phone #: _____

E-mail: _____

Fax: _____

Choose one:

☐

A Renewable Energy Systems Project

or

☐

An Energy Efficiency Improvements Project

\$_____ Guaranteed Loan Request

Grant Writer _____

Phone _____

E-mail _____

Date Submitted to RD _____

Table of Contents for Combination Grant and Guaranteed Loan When the G- loan Exceeds \$600,000

(Title of the Project)_____

4280.128 (b) Application content for guaranteed loans greater than \$600,000. Applications and documentation for guaranteed loans greater than \$600,000 must provide the required information organized pursuant to a Table of Contents in a chapter format presented in the order shown in paragraphs (b) (1) and (2).

Begin pagination immediately following the Table of Contents.

		Application Components Combination Grant and Guaranteed Loan When the G-loan Exceeds \$600,000	Tab
Applicant/ Borrower		Total eligible project costs exceed \$200,000, therefore the applicant will file a Full Grant Application . <i>The full grant application includes financial statements as specified in 4280.128 (b) (2) (viii).</i> <i>Click Grants to reach the template.</i>	Grant
Lender	4280.128 (b)(2)		
	(i)	4279-1 "Application for Loan Guarantee" with attachments	I
		21. Business Plan	
		24. Form 10-K "Annual Report Pursuant to Section 13 or 15D of the Act of 1934" – <i>For companies listed on major stock exchanges and/or subject to the Securities and Exchange Commission regulations.</i>	
		27. Architectural or Engineering Plans <i>(if applicable)</i>	
		28. Cost estimates and forecasts of contingency funds to cover cost increases or project changes.	
		30. Record of any pending or final regulatory or legal (civil or criminal) action against the business, parent, affiliate, proposal guarantors, subsidiaries, principal stockholders, officers, and directors.	
	(ii)	1940-20 "Request for Environmental Information" and attachments <i>This form is already in the grant application.</i>	
	(iii)	Personal Credit reports	J
	(iv)	Appraisals	K
	(v)	Commercial Credit reports	L
	(vi)	Current personal and corporate financial statements of any guarantors	M
	(x)	Lender's complete written credit analysis	N
	(xii)	Proposed loan agreement	O

<div> <div>Tab I</div> <div>Divider Page</div> </div>	
4280.128 (b)(2)(i)	Put a check or an "x" If the item is included behind this divider page.
4279-1 "Application for Loan Guarantee" <i>(This form is fillable on-line) – go to</i> http://www.rurdev.usda.gov/ia/4279-1_fillable.pdf	
This certification is located on the 4279-1 Application form. (xi) A <u>certification</u> by the lender that it has completed a <u>comprehensive written analysis of the proposal</u> , the borrower is eligible, the loan is for authorized purposes with technical merit, and there is reasonable assurance of repayment ability based on the borrower's history, projections, equity, and the collateral to be obtained.	
Attachments	
Business Plan	I-1
Form 10-K "Annual Report Pursuant to Section 13 or 15D of the Act of 1934" – <i>For companies listed on major stock exchanges and/or subject to the Securities and Exchange Commission regulations.</i>	I-2
Architectural or Engineering Plans	I-3
Cost estimates and forecasts of contingency funds to cover cost increases or project changes	I-4
Record of any pending or final regulatory or legal (civil or criminal) action against the business, parent, affiliate, proposal guarantors, subsidiaries, principal stockholders, officers, and directors.	I-5

Tab J
Divider Page

4280.128 (b) (2) (iii)

Personal Credit Reports

A personal credit report for the borrower from an Agency approved credit reporting company for each owner, each partner, officer, director, key employee, and stockholder owning 20% or more interest in the borrower's business except passive investors and those corporations listed on a major stock exchange.

Tab K

Divider Page

4280.128 (b) (2) (iv)

Appraisals

Appraisals completed in accordance with 4280.141. Completed appraisals should be submitted when the application is filed. If the appraisal has not been completed when the application is filed, the applicant must submit an estimated appraisal. In all cases, a completed appraisal must be submitted prior to the loan being closed.

Tab L	
Divider Page	
4280.128 (b) (2) (v)	
Commercial Credit Reports	
Commercial credit reports obtained by the lender on the borrower and any parent, affiliate, and subsidiary firms.	

<div> <div>Tab M</div> <div>Divider Page</div> </div>
4280.128 (b) (2) (vi)
Current personal and corporate financial statements of any guarantors

<div> <div>(vii)</div> <div>Intergovernmental consultation comments in accordance with 7 CFR part 3015, subpart V, of this title. – NA in Iowa</div> </div>

Tab N

Divider Page

Lender's Complete Written Credit Analysis

4280.128 (b)(2)(x)

[Click here](#) to reach credit quality requirements.

	Put a check or an "x" if the item is included behind this divider page.
Lender's complete written analysis, including:	
-Spreadsheets of the balance sheets and income statements for the 3 previous years (for existing businesses), pro forma balance sheet at startup, and 3 years projected year end balance sheets and income statements -With appropriate ratios and comparisons with industrial standards (such as Dun & Bradstreet or Robert Morris Associates).	
All data must be shown in total dollars and also in common size form, obtained by expressing all balance sheet items as a percentage of assets and all income and expense items as a percentage of sales.	
The lender's credit analysis must address the:	
Borrower's management	
Repayment ability including a cash-flow analysis	
History of debt repayment	
Necessity of any debt refinancing	
And the credit reports of the borrower, its principals, and any parent, affiliate, or subsidiary.	

4280.128 (b) (2)

(x) Lender's complete comprehensive written analysis in accordance with 4280.139-Credit Quality

The lender must determine credit quality and must address all of the elements of credit quality in a written credit analysis including adequacy of equity, cash flow, collateral, history, management, and the current status of the industry for which credit is to be extended.

- (a) Cash flow – All efforts will be made to structure debt so that the business has adequate debt coverage and the ability to accommodate expansion.
- (b) Collateral – Collateral must have documented value sufficient to protect the interest of the lender and the Agency. The discounted collateral value will normally be at least equal to the loan amount. Lenders will discount collateral consistent with sound loan-to-value policy. Guaranteed loans made under this subpart shall have at least parity position with guaranteed loans made under subpart B of part 4279 of this title.
- (c) Industry. The current status of the industry will be considered. Borrowers developing well established commercially available renewable energy systems with significant support infrastructure may be considered for better terms and conditions than those borrowers developing systems with limited infrastructure.
- (d) Equity – In determining the adequacy of equity, the lender must meet the criteria specified in paragraph (d) (1) of this section for loans over \$600,000 and the criteria in paragraph (d)(2) of this section for loans of \$600,000 or less. Cash equity injection, as discussed in paragraphs (d)(1) and (2) of this section, must be in the form of **cash**. Federal grant funds may be counted as cash.
 - (1) For loans over \$600,000, borrowers shall demonstrate evidence of cash equity injection in the project of not less than 25 percent of eligible project costs. The fair market value of equity in real property that is to be pledged as collateral for the loan may be substituted in whole or in part to meet the cash equity requirement. However, the appraisal completed to establish the fair market value of the real property must not be more than one year old and must meet Agency appraisal standards.
- (e) Lien Priorities. The entire loan will be secured by the same security with equal lien priority for the guaranteed and unguaranteed portions of the loan. The unguaranteed portion of the loan will neither be paid first nor given any preference or priority over the guaranteed portion. A parity or junior position may be considered provided that discounted collateral values are adequate to secure the loan in accordance with paragraph (b) of this section after considering prior liens.

Tab O

Divider Page

Proposed Loan Agreement

4280.128 (b)(2)(xii)

[Click Here](#) to reach the loan agreement requirements

(xii) A proposed Loan Agreement or a sample Loan Agreement with an attached list of the proposed Loan Agreement provisions. The following requirements must be addressed in the proposed or sample Loan Agreement:

(A)	Prohibition against assuming liabilities or obligations of others.	
(B)	Restriction on dividend payments.	
(C)	Limitation on the purchase or sale of equipment and fixed assets.	
(D)	Limitation on compensation of officers and owners.	
(E)	Minimum working capital or current ratio requirement.	
(F)	Maximum debt-to-net worth ratio.	
(G)	Restrictions concerning consolidations, mergers, or other circumstances.	
(H)	Limitations on selling the business without the concurrence of the lender.	
(I)	Repayment and amortization of the loan.	
(J)	List of collateral and lien priority for the loan including a list of persons and corporations guaranteeing the loan with a schedule for providing the lender with personal and corporate financial statements. Financial statements on the corporate and personal guarantors must be updated at least annually once the guarantee is provided.	
(K)	Type and frequency of financial statements to be required from the borrower for the duration of the loan.	
(L)	The addition of any requirements imposed by the Agency in Form RD 4279-3.	
(M)	A reserved section for any Agency environmental requirement.	
(N)	A provision for the lender or the Agency to have reasonable access to the project and its performance information during its useful life or the term of the loan, whichever is greater, including the periodic inspection of the project by a representative of the Lender or the Agency.	